

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

In re IMPLEMENTATION OF)
DEBT FORGIVENESS PLAN) Docket # 3400

ADDENDUM OF ADVOCACY GROUPS

The George Wiley Center and affiliated advocacy groups, (collectively, “Advocacy Groups”) hereby submit this addendum to accompany the filing of the May 2003 Working Group Report entitled Long-Term Arrearage Management Solutions for Rhode Island (the “Plan”).

For thousands of low-income households in Rhode Island, making ends meet while remaining current on energy and utility bills is a matter of arithmetic impossibility. Therefore, the Advocacy Groups support what they believe to be the primary the intent of the Plan: achieve long-term energy security through targeted payment assistance and arrearage management for Rhode Island households participating in the Low-Income Home Energy Assistance Program (LIHEAP).¹ Further, the Advocacy Groups believe that the program design as outlined in the Plan represents a good balance between providing appropriate level of assistance to participants—as determined by individual household economic circumstances and energy consumption characteristics—and

¹ The Advocacy Groups note that only a fraction of income-eligible households actually participate in the LIHEAP program. The Advocacy Groups believe that, ultimately, *all* low-income households should have access to affordable energy payments. Thus, Advocacy Group’s view the Plan as representative of a positive first step in moving toward a universal energy service ideal. In supporting the Plan at this time, the Advocacy Groups do not relinquish the right to advocate in the future for additional services and programs to achieve a universal service ideal.

administrative efficiency. Advocacy groups' support of administrative efficiency in program design is consistent with their desire to maximize the proportion of total program dollars that are devoted to client benefits. Finally, given the relationship between energy costs that are unaffordable and accrual of arrears, the Advocacy Groups support a program design that combines payment assistance and arrearage management components into a comprehensive package.

The Advocacy Groups note that there were a reported 3,218 utility shutoffs in Rhode Island in May 2003. This figure represents a 47.1% increase over the number of terminations reported for the same period in 2002.² At the same time, key, wholesale natural gas prices are projected by the U.S. Department of Energy to remain relatively high,³ while state unemployment⁴ and poverty⁵ are on the rise.

The convergence of high rates of service terminations, coupled with high energy prices and difficult economic circumstances underscores the need for long-term arrearage management. The Advocacy Groups fear that the factors prompting the Commission to open Docket 3400 initially will persist into the future, and that low-income ratepayers—absent the implementation of effective payment assistance and arrearage management programming—will be required to devote

² RIPUC data, George Wiley Center, National Consumer Law Center.

³ U.S. Department of Energy/Energy Information Administration Short-term Energy Outlook—June 2003. The EIA reports that wholesale natural gas prices are currently above \$6 per mmbtu, and that spot market prices, assuming normal weather, are expected to remain between \$5.50 per mmbtu and \$6 per mmbtu at least for the rest of 2003. EIA further projects significant reductions in 2004 in natural gas wellhead prices from the current high levels hinge on the success of the new drilling efforts. Recent experience demonstrates that gauging the prospects for success of new production efforts is problematic.

⁴ U.S. Department of Labor, Bureau of Labor Statistics reports that seasonally adjusted unemployment in Rhode Island increased from 4.9% to 5.3% (an 8.1% increase) between April 2002 and April 2003.

⁵ U.S. Census Bureau reports that the percentage of the Rhode Island population living below the poverty level increased from 9.1% in 2000 to 9.6% in 2001, a 5.5% increase.

disproportionate percentages of total household income for necessary energy and utility service.

The Advocacy groups acknowledge that funding of effective programming, as outlined in the Plan, represents a difficult political and economic issue. They further acknowledge Commission statements regarding identification of independent (i.e., non-ratepayer) sources of arrearage management program funding. Finally, the Advocacy Groups understand that uncertainty may exist with respect to Commission authority to order that low-income arrearage management and payment assistance programs be funded through tariffed rates. However, it should be stressed that at least 30 states, *including Rhode Island*, have adopted ratepayer-funded low-income payment assistance programs.⁶ Indeed, most states that operate payment assistance programs fund them through utility revenues from customers.

Funding of arrearage management and payment assistance should be stable, predictable and sufficient to meet pre-defined policy objectives. The Advocacy Groups submit that non-bypassable, volumetric charges on the monthly bills of all customer classes represent the means best suited to meeting each of these criteria.

Based on the foregoing points, the Advocacy Groups support adoption of the program design outlined in the Plan. In addition, the Advocacy Groups and respectfully urge the Commission to conduct public hearings on Plan details and funding mechanisms that may be employed to implement program design outlined in the Plan.

⁶ National Consumer Law Center, National Center for Appropriate Technology/LIHEAP Clearinghouse.

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Certificate of Service

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